

The departmental budget review reconvened on April 4, 2014 at 9:10 a.m., and proceeded as follows:

Revenue Forecasting (Real Property Taxes and Other Fees)

Honorable Tim Bynum (*not present 10:29 a.m. – 12:10 p.m.*)
Honorable Mason K. Chock, Sr.
Honorable Gary L. Hooser
Honorable Mel Rapozo
Honorable JoAnn A. Yukimura
Honorable Jay Furfaro (*not present 9:54 a.m. – 11:20 a.m.*)

Excused: Honorable Ross Kagawa

Chair Furfaro: Good morning. I would like to welcome us all to today's session that deals with revenue discussion and before I go any further, I want to remind us all how we evolved to this particular spot in our agenda. About three (3) years ago I had made a presentation that dealt with revenue cycles that we did not give our measurements the kind of attention that we should. Through that, I want to complement the Administration because this process has been evolving to the point that we have now a day to talk about revenues. I think the Administration has done a very good job in providing us an overview of the schedules of revenues, fees, rates, assessments, and taxes. Now, to assure myself that we were going to put this into a process, I want to remind everybody that Bill No. 959 brought us to this point. Bill No. 959 was introduced by myself and the first thing I would like to do is complement Finance for constantly making improvements on the process that we deal through that. I have indicated that as we go through the pieces in the categories today, I would like to start with the cycle that discusses the business license and permitting revenues, the non-business licensing and permitting of which we have some new pieces, fines, forfeitures, and penalties, and then charges for the current services. Hopefully we will get to the part that we can deal with Real Property taxes. I have added to our agenda...I am going to isolate some additional time on April 11th to visit again some additional discussion that we might want to have on the larger portion of our revenue which is eighty-three percent (83%) made up of property taxes. I also will be stepping out at about 9:50 a.m., to handle the upcoming historical tour of the building that is in preparation of our 100 year celebration. After that, I will be meeting separately on some agenda items that have come up so I will be turning the meeting over to Mr. Rapozo at that time. I would also like to point out and I think...I am only thinking here, Steve, that we should point out in your presentation and I think I shared this with you before but I want to make sure that we revisit a few things that have happened over the last several years that also contribute to where we are financially. I think it is extremely important, I made a presentation that talked about the cap, for example. I do not think people realize that the cap deferred forty-four million dollars (\$44,000,000) worth of revenue for property taxes. Or it could be a little bit more because I had not updated my piece but I hope we touch on that today.

We also find ourselves with the last three (3) years at about five point eight million dollars (\$5,800,000) per year revenues that were deferred with the State capping our share of the TAT. That alone is about another nineteen point eight million dollars (\$19,800,000). We also find ourselves having to recognize the operational change based on the mandate that we got from the Charter Amendments that created several new Department's by the choice of the voters. We have not had that kind of discussion here as we go through this

upcoming challenge that we have. All of these contributed significantly to that and I hope your presentation will be touching on that. I would also like to point out that in my presentation that Bill No. 2441 several years ago, although we identified and rightly so Mr. Hooser pointed out for both the current retirees and the employ group about thirty-one percent (31%) of our contributions for employee benefits goes to the health and welfare portion. But the number the fluctuates so much on us is the only other twenty-four point seven percent (24.7%) that is derived on rate changes and contributions for the retirement fund which is an area that has grown on us and thus brought us to the point that we are going to short fund OPEB. Those things needed to be pointed out in today's discussion so that we understand these are challenges that we have. Now, lifting the cap was based on and I think we had some discussion about rate and value catching up to a point that this was an ideal time to lift the cap. I want to make sure we also point out that the cap deferred for more than forty-four million dollars (\$44,000,000) worth of income to the County and so we all benefited from that, including myself and other Councilmembers here. I do hope that is part of your presentation, Steve.

On that note, I am required to give a couple other housekeeping reminders. As I mentioned that we need more time on April 11th on tax presentations, I have earmarked with the Staff to allow some additional time. Got it, okay. We have a little glitch in the system already, evidentially that change could not happen because Civil Defense has a conflict so I will announce that later but there will be more time. Now, the 11th will now be arranged so that I will go to the changes for you and Scott will get them out to you. The Departments on Budget on the 11th will start at 10:30 with Liquor Control, 11:30 we will go to the County Attorney's Office, 12:30 we will break for lunch, 1:30 we will be taking the Office of Economic Development, and we will set a time aside for the new Civil Defense Agency travel for 3:30. So there are some changes coming up for the 11th. Now, before I go any further is there any public testimony for the beginning of today's meeting?

There being no one from the public to give testimony at this time, the meeting proceeded as follows:

Chair Furfaro: Steve, I will allow you and Ernie to come up and make your revenue presentation as I outlined in the opening comments. I would like to get through all of those other units that are referenced in the Ordinance No. 959 first.

There being no objections, the rules were suspended.

STEVEN A. HUNT, Director of Finance: Good morning, Chair and Councilmembers. I will try to get to the items in Ordinance No. 959 but my presentation revolves, I guess, a more generic discussion in revenue in general. We will be focusing on those funds where the revenues hit primarily the General Fund, the Highway Fund, and our three (3) enterprise funds which are Solid Waste, Sewer, and Golf. As well as looking at some of the expenditures and transfers to those funds just so you have a greater understanding of what is coming in, what is going out, and for what purposes.

I would like to begin and you will see this slide later in the presentation as well but I want to begin with the proposed revenue enhancements that the Administration has put forth. I am putting this in here because all of our FY 2015 projections on revenue as well as the budget are predicated on these enhancements. The first is a Real Property Tax Rate increase for the Hotel & Resort category going from nine dollars (\$9) to a proposed rate of eleven dollars (\$11) per thousand assessed. That is a General Fund revenue item and that

would contribute to approximately four million three hundred three thousand seven hundred ninety-eight dollars (\$4,303,798) into the General Fund. The next one is a Vehicle Weight Tax a proposed increase going from \$0.0125 per pound to \$0.0200 per pound that is a three quarters of a cent increase. The Freight Vehicle Tax going from \$0.0250 to \$0.0300, a half cent increase. That would generate approximately one million one hundred seventy-eight thousand eight hundred fifty dollars (\$1,178,850) for the Highway Fund and this was outlined as part of the plan in Public Works Roads as to how they would pay for some of their repaving. The third proposed increase in revenue would be the Solid Waste Tipping Fee which impacts the commercial tipping fee. The proposed increase is going from ninety dollars (\$90) per ton to one hundred nineteen dollars (\$119) per ton and the estimated impact is approximately one million ninety-four thousand dollars (\$1,094,000) and then the final proposed rate increase or fee increase, I should say, is the increase to the TVR fees and this is the annual renewals for those that are in the non-conforming areas, legally but outside the VDA permits that are issued on an annual basis. The proposed increase is a two hundred fifty dollars (\$250) increase going from five hundred dollars (\$500) a year to seven hundred fifty dollars (\$750) a year which would cover approximately ninety percent (90%) of the cost of the TVR enforcement.

Moving into the General Fund, the major sources of revenue and we are comparing here Fiscal 2014 and 2015, major sources of revenue is of course are Real Property Taxes which based on the projected FY 2015 numbers is approximately eighty-one point five, four percent (81.54%) of the General Fund revenue base. We also have the public service company tax which is the franchised tax that is estimated at about three point six percent (3.6%) of the General Fund revenue and then we have the State TAT and grant. The grant is for Veterans, the indigent burials which is another twenty thousand dollars (\$20,000) so the capped amount of thirteen million four hundred eighty-five thousand (\$13,485,000) plus the twenty thousand (\$20,000) equates to thirteen million five hundred and five thousand dollars (\$13,505,000) which is approximately ten point six, three percent (10.63%) of our General Fund revenue. All other is essentially anything else that hits the General Fund which includes camping permits, any other fees that are charged for permits or Building Division fees...anything else that would generated and that is less than five percent (5%) of the General Fund. Going down to the next set these are the transfers too and the transfers from. As you can see the first line which is the reserved unassigned fund balance, last year we assigned, or the current FY 2014 we assigned eleven point seven (11.7) million to the budget. This year because of the draw downs to cover collective bargaining and other anticipated cost within the current year, we are only affording to put in approximately six point seven (6.7) million into the FY 2015 budget. Committee reserved and self insurance, there is no additional moneys going into self insurance but we are putting in an additional two hundred and fifty thousand dollars (\$250,000) into the Committee Reserved. That does exclude the eight hundred and thirty-two thousand dollars (\$832,000) that will be coming back from the CIP fund going back to committed reserve for the close out of some of the FEMA projects but these are new General Fund revenues going into the Committed Reserve. The next is the Public Access Fund, the current fiscal we put in a million three hundred and sixty-eight thousand (\$1,368,000) which will actually be booked in at the end of June in period 13. For FY 2015 we are proposing to put in an additional five hundred eighty thousand (\$518,000) going to a half a percent as opposed to one and a half percent of the Real Property Tax revenue. The Dept Service that is increasing this year, primarily we relied on fund balance that we had from prior years but we budgeted to actuals so we do not have that discretion anymore so putting in seven point seven (7.7) million of the nine point four (9.4) million in total debt service is funded by General Fund which is an increase of almost two point four, eight (2.48) million. And then other funds support, these are all

other funds that the General Fund help support and again there is a swing of about almost two point three (2.3) million, noted being less support but we are still supporting those funds. CIP, there was actually a contribution, we reduced the appropriations from the General Fund CIP back to the General Fund operating this had to do with part of the audit and where we could use those funds. Then the last is the bond subsidy, this is money that comes back through the Federal Government through the BABS program that we enlisted with when we did our bonds. Those are the primary transfers that we have. As you can see the bottom line is we are transferring out approximately five point three (5.3) million dollars more as an aggregate. Majority of that being because we have less fund balance from unassigned fund balance to support the FY 2015 budget. Looking down below that we can see our expenditures and again these are General Fund expenditures, an increase of about seven point one percent (7.1%) for salaries and related. Again utilities a slight increase and in operations about a six point five percent (6.5%) increase for General Fund draws.

Graphically speaking again you can see the proposed increase to the Real Property Tax Revenue rate for Hotel & Resort will create an additional four point three million dollars (\$4,300,000). Although the total increase is approximately twelve point four (12.4) million because eight point one (8.1) million of that increase is coming from either new development, new inventory added to the tax base, or growth and values based on current market conditions.

Ms. Yukimura:

Steve? Can you explain that last statement?

Mr. Hunt:

Yes. If you look at the Real Property Tax revenue on page 3 you will see a twelve point four, four, three (12.443) million dollars increase but this incorporate a rate change as well. The rate change itself isolated from this will contribute approximately four point three (4.3) million which means eight point one (8.1) million is specifically related to either new inventory, properties that were omitted from tax roles that were added or just growth in the values in general. If your property value went up a percent or two or five and you added new inventory, that grew the base and so some of this growth is related with the same rates to that growth.

Chair Furfaro:

Go ahead, Mr. Hooser:

Mr. Hooser:

I think it would be useful to have that amount.

Ms. Yukimura:

Eight point one (8.1).

Mr. Hooser:
values going up.

No the amount that was resulted from just

Mr. Hunt:

We cannot isolate that specifically.

Mr. Hooser:

You could approximate it?

Mr. Hunt:

No.

Mr. Hooser:
homeowners.

Essentially that is a tax increase on

Mr. Hunt: Right.

Mr. Hooser: And so...

Mr. Hunt: But if you added four hundred new homes as new inventory and it stays flat, you still could have growth just by adding inventory. So, as the tax base grows in count or new construction or people added to their home another thousand square feet, there growth in value not related to the growth in the market and there is no way to differentiate how much was that and how much...because we are market valuing everything, all we compare is we are comparing last year to this year, not an individual...what changed about a specific parcel year to year. What parcel was added or was CPRd or developed from the property, there is no mechanism for us to differentiate that.

Chair Furfaro: Excuse me, if I could add to that. Steve, that is one of the reasons the Building report is so important to us because that shows us the value of the new construction which would give us an indication of what was the growth on the new buildings so the difference would be increase tax on what was existing.

Mr. Hooser: Right.

Mr. Hunt: And that is a good tool for estimating future revenue, the challenge is you get a building permit one year but it may not be acted upon until two or three years later so a lot of permits actually just go to the wayside. So, it certainly gives you an indication of the health of the market if more permits are being pulled and what you might anticipate in growth but there is no way to tie the two, is the challenge.

Mr. Hooser: So, of the eight point one (1.8) million dollars we cannot estimate that half of it or a certain percentage of it comes from just increase values and status quo? So as an individual homeowner, I am going to pay more taxes then I would last year and I have not done nothing to my house at all?

Mr. Hunt: Correct. And you would know that if your valued increase. Ultimately as a taxpayer, you can look at your last year assessment and this year assessment, is there is difference, and if I am paying more then it means there was a rate change. If I paid the same, it stayed the same. If I pay less then there was a rate decrease but the other issue is it is not a stagnant snapshot, someone who decides to vacation rent but they did not the prior year goes into a higher rate so we are getting more revenue but there is also this movement between tax classes. Someone who was in the homestead that builds a second home and rents it out and now goes into the residential class, so it is a dynamic database that you really cannot go year to year, property by property and analyze unless you have an example set that you want to look at but you cannot do it on an aggregate value and say this is how much was growth, value, and rates changes. It is not feasible.

Mr. Hooser: If one wanted to keep the impact flat on homeowners, how would you estimate that? I would say that there has to be some way to reasonably estimate a manner in which to keep homeowner rates flat based on...

Mr. Hunt: Well you were in the real estate industry, you understand what happened.

Mr. Hooser: I was many years ago.

Mr. Hunt: Okay. So, you understand too that the market does not always move uniformly. You may have segments that are moving faster than others, so you could have areas that are flat while others are going up or going down. You can even have diversion markets where one going up and the other going down in the same market. Those two individuals, if you wanted to tie a tax rate, you would have to average them because you cannot say we want to keep the same for each of them but we got to have one rate. It is such a dynamic set of data; I do not think that is feasible. You just have to look at it as an aggregate. You can look at the growth and say here is the count of properties and the values of properties but even that you cannot assume that the same properties are within that data set.

Mr. Hooser: So, there is no formula or mechanism if the intent was to keep people's rates or the effective amount of taxes they are paying the same?

Mr. Hunt: If you could prepare an adequate sample size, you could have some guestimation if you wanted to clue some oceanfront and some interior, different parts of the island, or types of properties, you can maybe built some sample base and then monitor those over a period of time. Even that it is still a guestimate at best.

Mr. Hooser: Thank you. I have to say that I am not satisfied on the answer...but I appreciate your response.

Mr. Bynum: May I follow-up on that?

Chair Furfaro: I am going to ask...I am going to recognize Mr. Bynum but I am going to ask to let Steve make his whole presentation and then we can have a better... Steve it would help if we got caught up on the building permit report. We have not seen it for thirteen (13) months. Mr. Bynum, you have the floor.

Mr. Bynum: We can calculate what the rate would be set to keep the overall taxes for anyone who either equal or more or less, we can calculate that? I think that is what the Councilmember is asking. What Steve's answer is, yes, we can do that for the whole dataset but we cannot tell you how it effects and to do the analysis of each individual property owner in depth is not something that we can do right now. This is something that Steve and I have been talking about for over four (4) or five (5) years and I said to the Council before we are very close to having a tool for the entire Council that we had hoped to have today...and it is close, through Hercules effort on Steve's part which will be forthcoming to everyone to do those calculations for yourselves on the aggregate. How it impacts the whole class. This is the logically question for anyone to ask, okay, these factors are playing, what percentages are which? I totally understand technically how incredibly difficult that would be. We are lucky to have just the tool that Real Property and Council Services working together for over two (2) years and expending over ten thousand dollars (\$10,000) are going to present...and it can be improved. But to someday get to that level but the data issues in this County is very deep and this is one of many examples where there are things that we should have that is going to take some time and effort to get there. Thank you. Did I get that clarification right?

Mr. Hunt: I just wanted to add to that. You absolutely look at a category by category taxes levied and you can calculate the rate to get to the same level or if it is a CPI adjustment, whatever level you want to add to that tax, the only issue is if you have ten thousand (10,000) homeowners and the next year you have twelve thousand (12,000) homeowners when you get to that same level, you essentially gave relief because there was increase in the category. That is what I was trying to explain. It is a dynamic classification system and it is stagnant it is always moving.

Chair Furfaro: Okay. I would like to continue, Steve, and if you are going to have philosophies exchanged here, I would like to keep it to questions and answers. My answer is that I have already figured mine out for the last three (3) years. Everyone can do it but I already allowed time so we can have more discussion on the tax facilitation. Let us go back to your presentation.

Mr. Hunt: The primary increase here is the property taxes and the breakout was eight point one million dollars (\$8,100,000) without rate change and an additional four point three (4.3) with the proposed rate change to the hotel & resort category. This is the operating budget, the net again, the blue being the revenues, and far orange being the expenditures, and the red being the transfers out. As you can see the net effect is that we are transferring about five point three, five, four (5.354) million out more to support other funds although we are proposing additional revenues which is increasing. So to our expenditures and the net effect is essentially neutral but we are continuing to erode fund balances. This is just the variance, again, we are showing about thirteen million (13,000,000) in new additional revenue, about seven point six, six, nine (7.669) in expenditure increases, and then more in transfers out of about five point, three, five, four (5.354).

Moving to the Highway Fund. The public utility franchise tax essentially is flat. That is the tax that the electric and gas companies pay to access our roads and that essentially is drawn from historic figures that it does not really increase and would require an HRS change if we wanted to make any impact to that fee. The fuel tax, we did increase last year, or the current fiscal. We are anticipating that roughly being flat as well and then the motor vehicle weight tax includes the increase that we are proposing. The difference here, it is showing one point two, five (1.25) because that was based on FY 2014 budget where my one million one hundred seventy-eight thousand (1,178,000) was based on actual vehicle counts. So, again we are going back to a budget year versus what we have on actual files. I believe the one point one, seven, eight (1.178) is a more accurate for a true increase in revenue but from a budgetary increase, it represents one point two, five (1.25) budgetary increase. The uses of funds as we are in FY 2014 we had approximately six hundred and thirty-three thousand (633,000) of funds being used by Highway Funds to support highways. This year we are proposing fund balance of about three point eight (3.8) million so that is a three point one, eight, nine (3.189) increase. I believe Larry Dill spoke to this that it is not sustainable, we have drawn down the fund balance to about seventy-nine thousand (79,000) so we need to increase revenues if we are going to keep pace with the paving. The big portion of that increase is related to the paving – two point four, three, five (2.435) million will be used for islandwide resurfacing this year. The bottom line – the CIP number which also has a big swing this year dropping two hundred thirty-three thousand (233,000) this was part of the audit finding that we cannot use bond funds or CIP to do the R&M so money's were transferred from Highway CIP to Highway Operating. That represents the amount that came into the Operating side of Highway Fund. From the

salaries and expenditures side, salaries going up roughly about five point seven (5.7), utilities about flat, and operations up about eighteen percent (18%). Again, a big portion of that increase in operations – we are showing one point three, two (1.32) is related to that increase of one point two (1.2) directly coming from the doubling up, if you will, of the repaving. So, that is an operational expense.

This shows graphically again what we described in the increases – public utilities franchise tax being flat, same with the fuel tax, and the proposed increase to the vehicle weight tax being the big increase here. The next slide shows again the operations – revenues, transfers, and the expenditures. We have more expenditures then we have revenue coming in and we are transferring in about three point two, eight (3.28) million in the current and about three point, eight (3.8) in the proposed FY 2015. Again, we are hoping to get to this be a sustainable fund at some point. This shows the variance, again, from a budgetary perspective about one point two, five (1.25) in additional revenue coming in through the vehicle weight. We are also increasing five hundred thirty-four thousand (534,000) that is the net transfers being increase and expenditures going up to one point seven, eight (1.78). I also wanted to pick the uses of the Highway Fund – the uses, the majority is going to roads – ten million seven hundred and seventy-nine thousand dollars (10,779,000), a portion to auto maintenance of about two point nine, four (2.94), and two point eight (2.8) into transportation. For FY 2015 that increase again primarily due to the spending that we are going to be doing on islandwide paving goes to twelve million two hundred thirty-seven thousand (12,237,000), the auto maintenance goes to three million sixty-five (3,065,000), and transportation up about two hundred thousand (200,000) to a little over three million (3,000,000). These are the increases by use. Roads goes up about one point four, five, seven (1.457), auto maintenance a hundred and twenty thousand (125,000), and a little over two hundred thousand (200,000) for transportation.

Chair Furfaro: Roads goes up to one point...it only goes up about two hundred thousand (200,000), does it not? We already do one point two (1.2) million, so how could it go up a million four? So, the terminology is not correct.

Mr. Hunt: Okay. Let me explain again. We budgeted one point two (1.2) million in the current FY that we are lapsing and not using. So, this is a doubling up. This is a budget to budget comparison so the additional money – one point two (1.2) of the one point four (1.4) is directly related to the...

Chair Furfaro: (Inaudible)

Mr. Hunt: Yes. Okay, moving to Solid Waste Fund. The propose increase to the solid waste tipping fee will generate roughly a million ninety-four thousand (1,094,000) but the landfill disposal charges that you see up there only show about eight hundred forty-seven thousand (847,000) again this was a budget to budget and not actual to actual, if you will, what we are anticipating based on thirty-seven thousand seven hundred and twenty-five (37,725) tons of commercial tonnage hitting the landfill at a rate of twenty-nine dollars (\$29) increase going from ninety (90) to one hundred nineteen (119) per ton. That was the primary increase to the Solid Waste Fund. Again, we do get refuse from other commercial. We have people who have curbside that are commercial like vacation rentals, TVRs that actually pay a higher rate but get curbside, and then we have the residential refuse collection which is again billed as part of your property tax bill. So, this is the residential services combination of both curbside and some manual still and then all other services were about twelve thousand (12,000) additional revenues that come there.

This shows a fourteen point three percent (14.3%) projected increase in revenue on a budgetary basis. The transfers, we are actually using fund balance in FY 2015 and we did not use any in FY 2014 but we are projected to use one point nine, four, two (1.942) from Fund Balance. Debt Services, they do contribute back to Debt Service for their portion of the AMT bond, and then the support from other funds – this seven point seven (7.7) is moneys that are coming from primarily General Fund to fund the operations at Solid Waste. The expenditure side salaries slight increase – one point nine percent (1.9%) this excludes the OPEB shortfall so this is not a true increase of the salary increases but what is budgeted. Utilities showing a slight decrease – three point nine percent (3.9%) and then operations an increase of thirty-five point four percent (35.4%) or about two point five, five (2.55) million. A big portion of that, as discussed during the presentation by Larry Dill had to do with fully funding some of their diversionary efforts that were short funded where the contracts did not extend the full year as well as some of the additional cost that have been increased such as the greenwaste that they are absorbing. It also includes additional bins that will be added. We are going to be leasing some bins as well as increasing the amount that goes to the financial assurance for the landfill closure, so those are the primary increase on the operational side.

Here is a depiction of the revenue between FY 2014/2015. The increase in solid waste tipping fees is the primary mover there on the first column on the red. Again, from a budgetary basis it is only about eight hundred and forty-seven thousand (847,000) but we are projecting a total increase of about a million ninety-four (1,094,000) on actual figures. Here is the revenues expenditures and transfers. As you can see the transfers in are increasing from six point nine (6.9) to eight point seven (8.7) that is the net. The expenditures are going up from thirteen point one (13.1) to fifteen point seven, seven, nine (15.779) revenues only up slightly. This is the variance between year to year. So, between FY 2014 and 2015 revenues of about eight, eighty-three (883,000) net, transfers in going up net of one point seven, seven, four (1.774), and expenditures increasing by two point six, five, seven (2.657).

Moving on to the Sewer Fund. We are in the last year of increases to the sewer rates. I know in the FY 2015 there are moneys that is asked to be appropriated for another rate study but the FY July 1 of 2014 will kick into effect the last year of the current rate study that proved increases to the sewer fees. So, we are showing roughly about a growth in revenue of about seven hundred and eighty-three thousand (783,000). Of our enterprise funds this is actually the closest to being a true enterprise fund and being self-sufficient. It does still require some subsidy. General Fund moneys going in FY 2015, actually Fund Balance going in from FY 2015 of about one point five, six (1.56). They do support debt service, they are putting back money into the debt service fund of about seven hundred thousand (700,000). So in FY 2015 the net is actually going down of about three hundred thirty-five thousand (335,000) in terms of the transfers. Again, good job running that and getting that very close to being a true enterprise at a break even. On the expenditure side about ten point four percent (10.4%) increase to salaries and related. There was a position that had to be added for the Waimea Wastewater Treatment Plant that was a regulatory position. The utilities are going up because again we added a new facility. Some of that is being offset by solar that was done at the facility but there is still going to be utility costs including water. The cost of water has gone up and the wastewater process is a whole lot of water to their utility bill. Operations dropping slightly at about seventy-six thousand (76,000) about a one point six (1.6) decrease in operations. Graphically again the revenues that margin between revenues is increasing just slightly because of the rates. I also wanted to say that Chester Alfiler has done a wonderful job at getting the building cycle – the lag,

tightened up and gone and a lot of the collections have been now addressed. So, on the revenue side we are very current now on revenues that are from the Sewer Fund. This is the revenue, transfers, and expenditures again. Good news again as the transfers are going down, the bad news is that we are drawing fund balance which are not sustainable but again we are getting closer. Here we are showing seven hundred eight-three thousand (783,000) in additional revenue between year to year. A reduction in expense of about four hundred forty-eight thousand (448,000) and a reduction in transfers of about three hundred thirty-five thousand (335,000).

Now we are in the Golf Fund. The improvements were complete and all concessions are leased up – that is the good news. The bad news is the rates that went out and we did have some competitive bids the hardest one to fill was the restaurant but that is finally leased but it seems to be doing very well. We do not participate in any kind of percent rent so we do have flat rents. I am not sure the length of the contract but we do have golf people here in the audience that could speak to that if you needed to know the length of the contracts. But we are again reducing some expenditures because some of the labor that was involved in running the range balls, those individuals now are being redeployed to do tree trimming and that there was a cost associated with the range ball revenue, the bad news is that there was range ball revenue coming in which is now being enjoyed by the pro-shop. Golf cart concessions relatively flat and again the biggest swing down here the hundred and seventeen thousand four, eighty-one (117,481) swing is the estimated greens fees and locker fees. This is based on current forecast based on what we are seeing through period 5 in that trending that went into that. Certainly there is room to turn that around but based on our current play this is where we would project revenue to be for FY 2015.

Chair Furfaro: I know yesterday I handed out a little worksheet for the golf course but I am going to leave the meeting now. I am going to turn the meeting over to Mr. Rapozo. I will be gone about an hour and a half.

Chair Furfaro, the presiding officer, relinquished Chairmanship to Mr. Rapozo.

(Chair Furfaro was not present 9:54 a.m.)

Mr. Hunt: On the transfers in, the FY 2015 is requesting an additional ninety-two thousand nine, thirty (92,930) to cover anticipated shortfall from the revenues that will be generated by the course relative to expenditures. The salaries and related on the expenditures side actually shows a slight decrease but again not fully funding the OPEB and there is some movement from the employees, I believe on that as well. Utilities are slightly up and operations up about three percent (3%) about twenty-four thousand (24,000). Graphically this is what the revenue looks like again we are showing an increase to the Golf concessions for the Pro Shop, we are flat on the golf cart concession, and we are down slightly on our projection for the restaurant rental and those are all actuals, I guess, in terms of leases. Our projected number which is the bigger portion of the revenue has to do with the greens and locker fees and we are currently projecting a lower amount received from greens and locker fees. This is the comparison of revenues, expenditures, and transfers. Again, slightly lower in revenue year to year, transfers slightly higher, and operations slightly lower. These are the variances shown about a hundred and thirteen thousand eight hundred (113,800) in lower revenue projections, about ninety-two thousand nine hundred (92,900) in additional transfers from General Fund, and a decrease in operating budget of about twenty thousand nine, fifty (20,950).

That circles back to where I started and this is the discussion on proposed revenue enhancements from the Administration and the rationale of why they are being proposed. Again, real property tax rate increase going from nine (9) to eleven (11). Since I have gone through this, I will not do it again but I will go into the rationale for each one. On the Real Property Tax rates, I am comparing the FY 2014 rates by County, by hotel & resort class and looking at the comparison to Kaua'i's current rate. City & County has a rate of twelve dollars and forty cents (\$12.40) per thousand assessed for their hotel & resort. Hawai'i County has a rate of ten eighty-five (\$10.85) per thousand. Maui actually have a blend of both hotel & resort and timeshare, they have broken those out into two (2) separate classifications but in comparing to Kaua'i, we do not have that differentiation so I wanted to compare apples to apples so I blended the weight, did a weighted average based on value between the two (2) rates. Maui stated rate for hotel & resort alone is nine dollars and forty cents (\$9.40) and their timeshare rate is fifteen dollars and fifty-five (\$15.55), the majority of the weight is in the hotel & resort so a blended rate considering the values come out to ten dollars and forty-three cents (\$10.43) for Maui which brings it to an average of eleven dollars and twenty-three cents (\$11.23). The proposed rate for Kaua'i is eleven dollars (\$11) and our current rate is nine dollars (\$9). Below that I have actually shown for the FY 2015 budget, Hawai'i County has left their rate flat but both City & County of Honolulu as well as Maui County has proposed rate increases. Maui County taking the blended average, they proposed a hotel & resort rate of ten dollars and one cent (\$10.01), and a timeshare rate of sixteen sixty-five (\$16.65). The blended rate comes in at eleven dollars and one cent (\$11.01) so if you factored in the new, based on proposed rates, the new average for the other three (3) County's will be eleven dollars and seventy-five cents (\$11.75) versus our proposed rate of eleven (11). I would disclose too that Maui during the presentation of the rates did state that if they received the full uncapped amount of their TAT that those weight increases would not be necessary. Since 2000, Kaua'i County has lowered tax rates as values have increased from the years 2001 – 2008 and should likewise consider increasing tax rates as values decline from 2008 – 2012. This proposed tax increase for the hotel & resort class would contribute approximately four point three (4.3) million to the General Fund and is an integral part of balancing the FY 2015 proposed budget. Several of Kaua'i tax rates continue to lag the statewide averages, including the hotel & resort tax class.

On the Vehicle Weight. The proposed increase to the vehicle weight tax would contribute approximately one million one hundred seventy-eight thousand eight hundred fifty dollars (1,178,850) to the Highway Fund. Money generated by vehicle weight taxes help support both Transportation and Public Works Road Division and lessen General Fund subsidy requirements. Proposed rates would still place Kaua'i County below the weight taxes charged by City & County of Honolulu, Maui, as well as below the Statewide average. Vehicle use is directly correlated with the wear and tear of Kaua'i's roads and therefore should fund a greater portion of the repair and maintenance expense. Proposed increase would take effect in January 1, 2015. The last vehicle weight tax increase was in May 1999, with passenger vehicle taxes going from \$0.0075 to \$0.0125 per pound.

Page 29 shows the vehicle weight comparison. Currently City and County is charging \$0.0500 per pound for the passenger and \$0.0550 for freight weight. Maui is at \$0.0275 for passenger and \$0.0400 for freight. Hawai'i County actually increased theirs in FY 2014, they are now up to \$0.0125 for passenger and \$0.025 for freight. Kaua'i is currently at \$0.0125 and \$0.0250 respectively. The proposed increases of \$0.0200 and \$0.0300 respectively would bring us closer to the State average. Considering the average without Kaua'i that is \$0.0300 per pound for the passenger and \$0.0400 for the freight

weight. Again, Hawai'i County receives a large subsidy because of their saddleback road and federal subsidy because of their Volcano National Park which offsets some of their cost related to highway and their improvements and maintenance.

Solid Waste tipping fee. The proposed Solid Waste tipping fee increase, going from ninety dollars (\$90) per ton to a hundred and nineteen dollars (\$119) per ton is estimated to generate approximately a million ninety-four thousand dollars (\$1,094,000) in additional revenue for the Solid Waste Fund. Currently, it is estimated that commercial users utilize about fifty-five percent (55%) of the annual landfill space. Despite increasing waste diversion efforts, now estimated at forty-two percent (42%) of the potential waste stream, the annual tonnage continues to increase as have the operational and projected landfill closure costs. Increasing the tipping fees may create an even greater incentive for waste diversion efforts and it certainly will start getting better prepared for our landfill closure with more money going towards the financial assurance.

Comparing other islands tipping fees. We are not the highest by just a fraction but our proposed increase would put us above the other Counties. We certainly do have some issues with economies of scale with our island as well as its location not being central and those are certainly costs issues to us. As you can see City & County charges ninety-one dollars and seven cents (\$91.07) a ton. Maui charges seventy-three dollars (\$73) a ton, Hawai'i County eighty-five dollars (\$85.00) a ton, and we are currently at ninety dollars (\$90) per ton with proposed to a hundred and nineteen dollars (\$119) per ton. I do not have the general fund subsidy for City & County but I was provided through Allison Fraley the subsidies for other counties. The General Fund subsidizes twenty-one four percent (21.4%) of Maui's cost. Hawai'i's cost is subsidized at sixty-one point two percent (61.2) and our costs is roughly fifty point seven percent (50.70%). The last of the proposed revenue enhancements is the proposed increase to the TVR renewal fee going from five hundred dollars (\$500) to seven hundred fifty dollars (\$750) annual. This is estimated to a raise in additional a hundred thousand dollars (\$100,000) in General Fund revenue which will be used for compliance and enforcement of the approximately four hundred (400) registered vacation rentals that are outside the Visitor Designation Area (VDA). Although the TVR renewal fee was increased in FY 20147, it does not fully cover the cost associated with annual compliance and monitoring of these TVR units. In fact, this fee of two hundred fifty dollars (\$250) annual increase to this fee would still only cover approximately ninety percent (90%) of the costs. This fee also must be approved by the Planning Commission and Mike Dahilig, Director of Planning has submitted requests to the Planning Commission to review that fee increase.

In conclusion, Kaua'i County continues to lag the other Hawai'i counties in several key rates and fees, making it difficult to fund our operational costs as well as keep pace with increased demands for County services from a growing resident population. The depletion of our fund balances combined with budgeting to actual expenditures makes the continued reliance on lapsed funds to balance future budgets an unsustainable practice, and places our credit rating at risk of being downgraded. Existing rates and fees must be increased to levels that are comparable to our peers, and new potential revenue sources need to be explored such as methane gas, reclaimed waters, and other user fees. That concludes my presentation.

Mr. Rapozo: Thank you, Steve. I guess the first question I have is, is it wrong for me to be concerned or worried?

Mr. Hunt: About?

Mr. Rapozo: The future.

Mr. Hunt: It is not wrong for you to be concerned and worried, as am I.

Mr. Rapozo: Okay. What I would like to do is...the philosophical debates will occur when the bill reaches the Council and I would hope that we can reserve our philosophical and fiscal debate there. What I am more interested here is pretty much what you proposed – the numbers, justifications, and I would like to start with your presentation as far as the General Fund, if there is any questions? We do have to take a caption break at 10:50 a.m. today to accommodate the Chair's tour. We will just go down like we did with the other Departments? Again, any questions, again, using your presentation from page 3, any questions on the General Fund charts? Go ahead, Mr. Bynum.

Mr. Bynum: I really want to honor what you said and minimize the philosophical discussion...

Mr. Rapozo: And I would appreciate that because again...

Mr. Bynum: Well...I understand that and I may not be able to be here in ten (10) minutes...I may have to leave. I want to honor that but at the same time, this is our time to discuss those as well.

Mr. Rapozo: This is. Like I said, the charts, the money, and the numbers ask as many questions...but my comments were referencing the bills. The proposed increases because that is coming up for Council but as far as the charts, the variances...feel free. So, go ahead, Mr. Bynum.

Mr. Bynum: Mr. Chair, I am going to pass for now. I needed some time to formulate my thoughts here.

Mr. Rapozo: Thank you. Councilmember Yukimura.

Ms. Yukimura: On page 4, first of all, thank you Steve, this represents a lot of work. I have been pushing for a long time to make our three (3) funds that are drawing so much of the General Fund money to become more enterprise funds and kudos to Mr. Ed Tschupp that the Sewer Fund is really getting close to being balanced. I appreciate all your work. On page 4, just to finish up the discussion where I interrupted you with a question earlier, the four point three (4.3) million is due to the rate change in hotel rates, right?

Mr. Hunt: Correct. The estimated increase from the Real Property Tax is by changing the rate on the hotel & resort class alone will contribute four million three hundred three thousand seven hundred and ninety-eight dollars (\$4,303,798).

Ms. Yukimura: Okay. And then there is eight point one (8.1) million additional revenues?

Mr. Hunt: Correct.

Ms. Yukimura: Due to the base of Real Property tax totally, not just hotels.

Mr. Hunt: Correct.

Ms. Yukimura: But all properties.

Mr. Hunt: If we had submit the certified tax role with no rate changes it would generate eight point one (8.1) million in new revenue either from new construction, value increase, or people moving to a higher rate category that we are coming out of a lower one, vice versa, whatever that net change would have resulted in a eight point one (8.1) million dollars in additional real property revenue with no rate change.

Ms. Yukimura: So if we wanted to have by category except for hotel, peoples real property taxes not increase, we would have to lower the rates but that would take away eight point one (8.1) million or whatever portion that the reductions in rates causes?

Mr. Hunt: Correct. The only caveat being you would likely be reducing taxes because if you were to keep it the same by category it takes away all the growth in terms of new construction, new subdivisions, new CPRs, everything that was added to the base including the seed companies, adding those to the base. If we were to reduce the Ag rate, we would essentially lower the taxes to get to where we were but we added to the role, new items.

Ms. Yukimura: So if we lowered the rate on certain categories, whatever we chose, we will still have a certain addition from the additional new assessed value? Not the assessed value that came from existing facilities or structures but...that came from new construction, is that right?

Mr. Hunt: You cannot really isolate it into that. For instance, if you had a home at a hundred thousand dollars (\$100,000) in FY 2014 and has a hundred and ten thousand dollars (\$110,000) value, you had a ten percent (10%) growth. If you were to reduce it ten percent (10%) on that item then you would get to a neutral tax by reducing the tax rate but if that category residential had a hundred million dollars and it went to a hundred and fifteen million and you were looking at reducing it by the fifteen million to get back to a hundred million, you are actually lowering that taxes on that home.

Ms. Yukimura: Got it.

Mr. Hunt: It is difficult because there are so many moving components to it.

Ms. Yukimura: Okay. So, you are missing out on that additional value that came to existing structures?

Mr. Hunt: Right. So if you kept the taxes generated by the categories as a whole, you would miss properties that were added to categories or properties within the category that expanded the properties.

Ms. Yukimura: Okay. I think I understand. Thank you.

Mr. Rapozo: Councilmember Chock. Oh? You ready?

Mr. Bynum: It is along the same lines.

Mr. Rapozo: Okay, go ahead Mr. Bynum.

Mr. Bynum: You can look at the same dataset of people who were in the homestead class last year.

Mr. Hunt: Yes.

Mr. Bynum: And not new to the class this year, right, and this is a question and then look at that subset and say what percentage do we need to calculate for that aggregate subset to keep the taxes the same given the increase in value of that aggregate subset, correct?

Mr. Hunt: You could do that. I am trying to think because of the additional exemptions too because it is not just value driven but you can go to the taxes from that category and look at, including what is coming out of the cap with the additional exemptions and look at what the net impact on taxes are. What it will not pick out is if there were three hundred (300) people that were in the homestead last year, are not in this year, and four hundred (400) new people got added to the homestead, that base grew, so you would have to take out the three hundred (300) that left and take out the four hundred (400) that came to see only those that have the same/same from last year to this year what the taxes would be. It would be an estimate of what you anticipated the rate would be for that category. Now, obviously if the numbers of homes coming in had a higher value and they were coming out of single family into homestead having taxes associated with that higher value then again it is very difficult with the data we have to work with.

Mr. Bynum: I am trying to get with this ongoing dialogue with Councilmember Hooser was trying to have, how closely can we estimate this and so based on that little short discussion, we can give real broad ballpark figures. Even if you just use the flat rates it would be close. I think that analysis can happen. What you cannot do under my understanding is say, for this group we come close to the mark on keeping the tax the same based on values but in that group some of them will go up a point/a percentage, some of them are going down a percentage but overall, right, have I got that right?

Mr. Hunt: Yes and again I try to get away from percentages because we have eight hundred and forty (840) that are in that category that are automatically getting increases because they are going from twenty-five dollars (\$25) to a hundred dollars (\$100) which is what three hundred percent to four hundred percent (300% - 400%) increase. I mean it is seventy-five dollars (\$75) increase but in a percentage wise it very high in a percent increase.

Mr. Bynum: And that is one of the things that we are just trying to see if we can get at this year, maybe not, on that spreadsheet. Anyway thank you, you answered that question.

Mr. Rapozo: Thank you. Mr. Chock.

Mr. Chock: On page 26 you mentioned Maui's separation of timeshare and hotel & resort, it seems appropriate the way that they are moving or have moved in the direction, is that a trend and something that we might want to look at?

Mr. Hunt: It is something that the Administration is currently looking to proposed. We have not yet met with ARDA (Association of Resort Developers) or any other organizations at the moment but we are looking at potentially at both a change to the method by which they are valued as well as carving out potentially its own tax class but that would have to be done very soon because the data value is October 1 and it takes time to implement so we are really talking something would have to be done early summer in order to make this thing happen.

Mr. Chock: That is in the plan is what you are saying?

Mr. Hunt: We are working on that.

Mr. Chock: Thank you.

Mr. Rapozo: I want to stay on the General Fund.

Ms. Yukimura: I know.

Mr. Rapozo: And I am not going to cut anybody off but if we can just...

Ms. Yukimura: Can we just finish what Councilmember Chock started?

Mr. Rapozo: Sure. Let us get that one out of the way.

Ms. Yukimura: The work that you are describing to try to look at different categories, that is not going to impact the fiscal year 2015 budget?

Mr. Hunt: Absolutely not.

Ms. Yukimura: It will not be for this budget?

Mr. Hunt: No and we will have to hurry to get it through... to have it impact on FY 2016 to be honest because assessment notices go out in November. We have to have all the work done and categorized and assessed and moved.

Mr. Bynum: And my understanding that we have done in the past, it is not going to be a big revenue enhancement. It is going to be more of a equity shift, so there is more fairness in the distribution, is that a fair statement?

Mr. Hunt: Well it depends. There are a couple projects. On the high end timeshare: the Marriott's, Weston, some of those... are probably not going to have an impact. They value as timeshare units and value as comp with condos would

probably not change that much but on the low end where...it is real evident in mixed use projects where you have both wholly owned condos and timeshare condos adjacent to one another that for the last six (6) or seven (7) years now those wholly owned condos have had much higher values than their timeshare peers and it is specifically because by ordinance we have to value it based on the resale of those intervals. That makes it an ownership issue not a real property evaluation issue, in my mind, if we get back to what is the value of the real property regardless of how you sell it, market it and then we get to the real property issue of it, I think we will have some rebound on those lower end projects that would bring them up to the comparable peers.

Mr. Bynum: And that is exactly...the political analysis is in those numbers, right? The big guys is a wash, the little guys that have been around, some are going to have some increases but they have also been...kind of like the cap, they have been benefiting from this tremendously but those smaller owners, they really targeted our hard strings and we say a hundred to two hundred percent increase and we can say that you have been having this favorable treatment for ten (10) to fifteen (15) years.

Mr. Hunt: But understand that you are talking about the smaller owner management company. We are talking about the smaller owners are one fifty first interest, one hundred in second interest – they are spread out all over the place so it is not...

Mr. Bynum: Well let me sum it up by saying.

Mr. Hunt: Sure.

Mr. Bynum: It is going to impact some older Kama'āina properties more dramatically than what we think of as timeshare, the big ones. But it does not mean you should not do it. I just wanted to give people a preview because we have discussed this several times.

Mr. Hunt: It certainly will have an impact on those older projects and they will have to be budgeting for that.

Mr. Bynum: Right. Thank you.

Mr. Rapozo: Mr. Hooser.

Mr. Hooser: I want to go back and talk about the property taxes for a second. I had mention before and Councilmember Rapozo actually started the conversation by saying and emphasizing the concern and the fear, if you would, of the fiscal situation. I understand that and I appreciate your presentation in terms of things have to be raised and some have not been raised in a long time. My primary concern right now is lessening the impact on owner occupied properties and low income rentals. When we talked earlier, it was a little frustrating because the answer I seemed to be getting was it is too complicated and we cannot do that but that is really where I would like to end up the conversation. How do we keep owner occupied and all rentals flat or minimal increases and have others who have the ability to pass on their costs to other people perhaps take a larger share? Can good people sit down in a room and figure something out to make something happen?

Mr. Hunt: The first, I think, is getting through the philosophical issues of who pays and what they pay. What percentage of the property taxes are they going to pay by whom and understanding what they are currently paying and Councilmember Bynum does not look at this but the effective rate of taxes. Once you factor out exemptions and relief and tax rates, what are the effective rates are they paying relative to others and what is the distribution? Is it fair to have a property pay eight to ten times more than another class? I mean it is a philosophical issue.

Mr. Hooser: Right and that is not what I am asking. I am asking...my philosophy just myself was to prevail. Is there a mechanism that we can accomplish the end result that I am seeking?

Mr. Hunt: You could look at the classes as an aggregate and what they pay and decide a rate that wants to keep that flat to what they were last year. That is the mechanism you can do. To say they paid ten million dollars (\$10,000,000) in property taxes last year as a residential class, we want them to pay ten million dollars (\$10,000,000) instead of twelve million dollars (\$12,000,000) this year, we are going to lower the rate to hit the ten million dollars (\$10,000,000). You can do that in an aggregate level. On an individual level, as Councilmember Bynum will know, it is virtually impossible.

Mr. Hooser: I understand that. Thank you very much.

Mr. Rapozo: I guess I will go back to my question that I raise every year regarding the percentage. I am asking Scott to pull the statute because it is the law. We are to set the percentage. Basically each class...I mean if you do it this way the way the law tells us to do it which we have ignored then there is no...I mean it is what it is. I think that is why the law was put in there. So that it would prevent these kinds of dialogues and how we are going to tweaked here and there. The philosophical discussion should be how much...and here it is here, Section 5A of the Real Property Tax code. The Council shall/may set the tax rates for each class of real property tax for a tax year using the following method: net taxable real property within each class that is what you folks do. And the second one which I believe we violate every year, the percentage of revenue to be raised from net taxable real property within each class shall be multiplied by the totaled revenue to be raised from all real property in order to determine the amount of derive from that class. The law tells us that we set the percentage and math takes care of the rate. That is what the law says, Steve, and this is not directed to you, it is to my colleagues. That is the discussion that we need to have. If you believe the homestead class should pay eight percent (8%) of the budget and commercial should pay...and I am just throwing these numbers out, I have no idea what we should pay and then you just do the math, and you get the rate. But we do not do that. I would love to challenge my colleagues this year, let us try that. Let us sit down and figure out what should the resident homeowner pay? Because this drives us crazy when you start tweaking this rate and that rate and then because we want to take care of the homeowners, somebody else is going to get the brunt of it but let us try to have that discussion this year. Let us try to philosophically come to some kind of agreement that the homestead should not pay for more than "x" percent of the budget. Then let us do the calculation based on the net assessed value and guess what, we end up with a rate. That is how, I believe, what the law requires us to do. We do not do that. What we do is we try to massage each individual class to take care of certain people which is not a bad thing but then we should probably change that law. Just one more question and I do not know if you are prepared to answer this today but...and I am just using round

numbers eight million (8,000,000) is existing taxpayers that because of value increases and transfers in class, eight million (8,000,000) was on net revenue...

Mr. Hunt: Eight point one (8.1) more or less.

Mr. Rapozo: I am just going to use, yes, and then the hotel & resort four (4), what is the range for the...in other words what would be the low end tax increase for a property on Kaua'i? Not the hotel & resort, just the residential property tax, what would be the low and what would be the high?

Mr. Hunt: When you say range, you are talking about the tax bill?

Mr. Rapozo: Increase.

Mr. Hunt: Oh, increase?

Mr. Rapozo: Yes.

Mr. Hunt: I would not be able to answer that.

Mr. Rapozo: Okay. Is that something you can track?

Mr. Hunt: I think, yes. I think there would be some effort but I think we can track it.

Mr. Rapozo: And then likewise on the hotel & resort, what is the low increase...I think Jay just told me that the Saint Regis sold for a hundred and twelve million dollars (\$112,000,000), so if you apply the two dollars (\$2) per thousand, it might...public school math tells me that it is about two hundred and forty-four thousand dollars (\$244,000) increase in the tax bill?

Mr. Hunt: Assuming that it is assessed for what it is sold for, yes.

Mr. Rapozo: And I do not know what the assessed value was but it is quite substantial for those larger properties.

Mr. Hunt: Assuming that the value stayed the same which is an assumption because they move...according to how their performance is as well, but assuming the value is going from nine dollars (\$9) to eleven (\$11), is what twenty-two percent (22%)?

Mr. Rapozo: Well it is two dollars (\$2) per thousand. So, a property that is worth fifty million dollars (\$50,000,000) or a hundred million dollars (\$100,000,000), that could be quite substantial. And because it is worth a hundred million dollars (\$100,000,000) does it mean that they have that kind of disposable income? As the Chair talked about the other day, they still have to pay their housekeepers, chiefs, bellman...

Mr. Hunt: That is just part of understanding the valuation concept that goes into the calculation of value too. So, underperformers and people that are not maintaining their property in good working order have lower values to begin with and properties that are stellar at putting money back in and have great occupancies and are doing well have higher values. So, value kind of takes care of itself in terms of that and to me it is more are we charging the commences at rate with other Counties?

Mr. Rapozo: And there I think I can respectfully disagree because the different Counties have different economies of scale for number one. They can do things cheaper. The other Counties provide different services to their people like, and I use this every year, satellite city halls. They have much more services for their residents than we do so comparing their rate to our rate, I mean it is a tool, but I do not think we can base it otherwise the tipping fee should not go up, right? If you use the analogy for the real property tax and fees and if we are going to say that Maui is here and we are here, or Hawai'i is here and we are here and we need to get up to par then I would say how do we use that argument for the tipping fee?

Mr. Hunt: I would agree. If anything we have the opposite. Because we are the smallest, we should be the highest on everyone. I am just talking about getting to par but because we have limited economies of scale, we typically have higher cost per capita.

Mr. Rapozo: I saw Mr. Bynum jumping up and down.

Mr. Bynum: I want to answer that question. It is later because you said we are going by funds but Solid Waste funds, I want to talk about.

Ms. Yukimura: So I just want to say that if we follow the ordinance that Councilmember Rapozo has read, we have to go into the philosophical discussion that you mentioned Steve about how much each category should bear and what the relationship should be between hotel and owner occupants and so forth? I think it is done almost un-cautiously or working backwards but I think it would be a good exercise to do and we would start at the philosophical point.

Mr. Rapozo: It would be interesting to know what that number would be. We do not know because we have never done it.

Ms. Yukimura: Well we should first find out what the present relationship is and I am sure...

Mr. Hunt: And I was actually going to share that. I actually have that information if you want to know the percentage of taxes paid by class relative to the percentage of value to our total tax role by class.

Mr. Rapozo: And that is the number we would be interested in starting the dialogue off it.

Ms. Yukimura: Well you shown that quite a few times last year. I do not know if you done it in this budget year but I think that is the data that you start with.

Mr. Rapozo: And again that is the result of the discussions on what the rate should be and then you end up with a percentage.

Mr. Hunt: And I am basing it on the current proposed rates and again if the rates change, the percentages change too obviously.

Mr. Rapozo: JoAnn said if we follow the method that Councilmember Rapozo said we should, no, it is not...

Ms. Yukimura: No, no, I said the ordinance.

Mr. Rapozo: The "law" we shall.

Ms. Yukimura: Yes.

Mr. Rapozo: So it is not an option.

Ms. Yukimura: And one final comment the issue you also raised about the difference in Counties, what is missing here is a smart growth discussion because at all the conferences we have gone to the higher densities have less per capita expenditures and if you have spread out development, the per capita expenditure is greater. And if you have a smaller population it falls hard on individual homes and households but that is why compact growth is which...

Mr. Rapozo: You have a unique ability, JoAnn, to get that in every discussion whether we are talking about roads, you are just amazing.

Ms. Yukimura: Because it is inherent in the work we do.

Mr. Rapozo: I just almost want to stand up and give her a hand.

Ms. Yukimura: Thank you.

Mr. Rapozo: Mr. Bynum.

Mr. Bynum: We have been tracking those percentages and they are meaningful. They been meaningful even with the variances that you are talking about that you have to qualify but this year is different because we changed all the classes. We increased the homestead class, we put new people in there so this year we will establish a baseline, it is very difficult to get into a statistical analysis to compare this year with last year because of the Council actions we have taken taxation by use which have changed all the base numbers dramatically. So this will be a base year but I agree with your...

Mr. Rapozo: The laws?

Mr. Bynum: Yes. And we have tracked that and I showed last week a chart that says we were not even getting accurate data that what we were doing is we were making policy decisions based on data that was not complete. This whole issue I always apparent that our ability to collect data and analyze it is really hampered even

though vastly improved over the last couple of years but still that is something we have to move on. Thank you.

Mr. Rapozo: (inaudible) the range between the current landowners or we can send it over in writing so you do not have to go write stuff down.

Mr. Hunt: I would love to answer on the floor so I do not have to respond.

Mr. Rapozo: If you have it, okay.

Mr. Hunt: I will read it out but then I will provide the hard copy.

Mr. Rapozo: No, not the percentages.

Mr. Hunt: Oh, what do you want?

Mr. Rapozo: The range.

Mr. Hunt: Oh, yes, the range. That will have to be in writing. Thank you.

Mr. Rapozo: General Fund, anything? Highway Fund? Go ahead, JoAnn.

Ms. Yukimura: I have a question about the Bond Fund.

Mr. Rapozo: Okay, we are looking at page 7, so CIP.

Ms. Yukimura: On your motor vehicle revenues, you said the increase...you kept making the distinction between budget and actual.

Mr. Hunt: Correct.

Ms. Yukimura: I do not understand what you are saying.

Mr. Hunt: When I proposed the revenue enhancements I got figures from Motor Vehicle to calculate the actual vehicles that are out there, the weights all that information that we currently have. That changes over time so if the time I asked the question, I get more vehicles that are registered, my numbers move. The budget was done last May so those numbers have not moved, so when I compare a stagnant number to a number influx what I am proposing is going to be more reflected of the actual anticipated as of the date that was taken but again it is a moving target.

Ms. Yukimura: So what figure are you using here in terms of FY 2015 there is a projection of five point seven, four, nine (5.749) million.

Mr. Hunt: Yes.

Ms. Yukimura: Is that the fluctuating one?

Mr. Hunt: Let me tell you where I am at, hold on.

Ms. Yukimura: And the increase that you are identifying is one point two, five (1.25) million.

Mr. Hunt: That is the budgetary increase but let me tell you what my figures were with consulting with Motor Vehicles. My current estimate would actually be six point one (6.1).

Ms. Yukimura: So your current estimate is more than your budgetary estimate?

Mr. Hunt: And let me see...current revenue but it is only half...

Ms. Yukimura: By four hundred thousand (400,000)?

Mr. Hunt: I would have to get back to you because you only get half the revenue because it takes effect as of January.

Ms. Yukimura: Oh.

Mr. Hunt: I have to verify what that increase was.

Ms. Yukimura: Okay.

Mr. Hunt: I know I have it broken down by passenger vehicle and freight. The estimated increase in passenger vehicles is a million one forty-four and the estimated freight is thirty-four thousand seven hundred but I would have to look at the aggregates to make sure.

Ms. Yukimura: I do not understand the philosophical, if you will, or the theoretical difference between budget and actual. Which one would be more useful to use in budget because of course I am interested in the four hundred thousand dollars more figure than the five point seven.

Mr. Hunt: I think the budgetary number...because FY 2014 is locked, the differential is not as important but the number that is plugged in – the five hundred...what is the number? I think that is an accurate.

Mr. Rapozo: Five, seven, forty-nine.

Mr. Hunt: Okay, thank you.

Ms. Yukimura: That is the accurate one?

Mr. Hunt: I believe so.

Ms. Yukimura: Okay. And you calculate that one by how?

Mr. Hunt: Taking the number of vehicles that are registered – motorcycles, trailers, passenger vehicles, and then the freight and applying the differential in rate to come up with the...

Ms. Yukimura: So, you are taking the one that has more accurate data?

Mr. Hunt: Yes.

Ms. Yukimura: Okay. On that same page, you have other fund support, is that not General Fund? Why do you not call it General Fund? This is page 7 Highway Fund.

Mr. Hunt: And there is nothing going in for FY 2015. Can I bring up one of my budget analyst to help with this question?

Ms. Yukimura: Okay.

ANN WOOTON, Budget Analyst: Aloha Councilmembers. May I ask what the question was?

Ms. Yukimura: Page 7 of the presentation.

Ms. Wooton: Highway Fund.

Ms. Yukimura: And it is “transfers from/to” other fund support, is that not the General Fund line?

Ms. Wooton: Well that is current fiscal that we are in.

Ms. Yukimura: Yes.

Ms. Wooton: Other fund support...actually I would have to look at the ordinance in order to really grasp what that number might be.

Ms. Yukimura: If you look at the Solid Waste Fund page 13.

Ms. Wooton: Correct.

Ms. Yukimura: You show the seven million dollars (\$7,000,000) of what I normally call “General Fund subsidy” and it says “other fund support” also.

Ms. Wooton: Yes.

Ms. Yukimura: But that is basically the General Fund, right?

Ms. Wooton: In the Solid Waste Fund?

Ms. Yukimura: Yes.

Ms. Wooton: No, that is Solid Waste Fund. Each fund maintains...now other fund support...we are talking about the transfers that go in or out of the fund. Let us go back to the Highway Fund because that is where the question was.

Mr. Rapozo: Yes.

Ms. Wooton: The other fund support we are showing...we are current fiscal year three hundred twenty-one thousand five hundred fifty dollars (\$321,515)...that number was contribution from the General Fund to the Highway Fund.

Ms. Yukimura: That is what I am asking.

Ms. Wooton: Correct. So, that is exactly what that was.

Ms. Yukimura: So, why are you not calling it General Fund transfer?

Ms. Wooton: Well because it is a transfer. It is a contribution from another fund that is supporting the Highway Fund.

Mr. Hunt: Sometimes these...

Mr. Rapozo: And I think it does not always come from the General Fund.

Mr. Hunt: Correct. And this is the net transfer because it could be multiple funds that could be contributing to it so if we call it "General" and there were other funds coming in...

Ms. Yukimura: But in this case it is the General Fund.

Ms. Wooton: That one, yes, it is.

Mr. Hunt: Yes.

Ms. Yukimura: And in the case of the Solid Waste Fund, it is the General Fund too, is it not? Or is it other funds?

Ms. Wooton: The contribution we made from and we are talking FY 2014 which is our current FY.

Ms. Yukimura: Yes.

Ms. Wooton: The contribution that we made from the General Fund was seven, nine, one, one, three, one, five?

Ms. Yukimura: So that is totally General Fund?

Ms. Wooton: Correct.

Ms. Yukimura: Okay. Because General Fund is the key word for us.

Ms. Wooton: Of course.

Mr. Rapozo: I guess if in fact it is solely from the General Fund if we could make a note of that.

Ms. Wooton: Oh, put a note on the bottom to identify it?

Mr. Rapozo: Yes. The budget sheet shows us all the transfers but I think in the presentation...and for next year and then one more thing for next year before I forget – the red and orange color... please change the colors up. It is hard to differentiate for us old guys.

Ms. Yukimura: That is true.

Mr. Rapozo: Mason can really see that contrast but I am getting really hard time. Gary, probably harder.

Mr. Hunt: They actually were a different color when I brought it in from excel into PowerPoint the colors change.

Mr. Rapozo: That was just for fun. Okay, next.

Mr. Chock: I do not have the history because I am the young guy, can you talk about the Fuel Tax. I know Councilmember Rapozo was telling me that we have the flexibility and looking that as well. When is the last time we acted on that and when was that?

Mr. Hunt: Last year we increased it...the current fiscal we increased it by two cents (\$0.02) which raised roughly about two hundred and somewhat...or five hundred thousand, I think?

Mr. Rapozo: It had gone through many amendments. The original proposal was going to be a total of six.

Mr. Hunt: I think it went from thirteen cents (\$0.13) to fifteen cents (\$0.15) and I believe it raised a little over five hundred thousand.

Mr. Rapozo: Last year we also raised... the State, I think it was last year or the year before, the State raised their...

Mr. Hunt: Correct.

Mr. Rapozo: And the County raised their...so the public thought it was all County and we just got hammered because some of the vehicle registration fees, I mean, almost doubled. The people saw more potholes on the road than they did before the...so it is very hard for us to justify. It is not a dig on roads but it is statewide/nationwide the people when they pay more expect to see more.

Mr. Hunt: That was part of Larry's presentation as well. There was no proposal to increase the fuel tax this year but he may be looking at FY 2016 and FY 2018 so that we do it every other year that would help combined with the vehicle weight getting to our State average will make it a fund that would actually start getting to these projects quickly.

Mr. Chock: I must have fallen asleep when we were at this part but all other at sixty-five thousand dollars (\$65,000), can you explain that again.

Mr. Hunt: What page?

Mr. Chock: Page 7 under motor vehicle, "all other."

KEN SHIMONISHI, Budget Analyst: On the Highway Fund the "all other sixty-five thousand (\$65,000)" is comprised of some interest of forty thousand (\$40,000) and refuse revenue act of twenty-five thousand (\$25,000). The revenue act is to pay for some road improvements up on the North Shore.

Ms. Wooton: Yes, that is for the roadway in Hanalei Valley that goes into the Federal baseyard there for the National Wildlife Refuge.

Mr. Chock: How does it come to us?

Ms. Wooton: It comes as the Federal Government makes a payment every year.

Mr. Chock: The Federal Government.

Ms. Wooton: Correct.

Mr. Chock: So, that is consistent sixty-five thousand dollars (\$65,000) every year?

Ms. Wooton: Twenty-five thousand dollars (\$25,000).

Mr. Chock: Twenty-five, I am sorry.

Ms. Wooton: Yes, twenty-five thousand dollars (\$25,000) every year.

Mr. Chock: Okay.

Mr. Rapozo: As far as the use of the Fund Balance and a lot of the talk was about the paving but I believe there were two (2) years that we did not pave any roads, did that stay? Was that used in other?

Mr. Hunt: I am not sure...I know for FY 2014 we budgeted moneys that we plan to lapse to accumulate critical mass so we are budgeting for this year and for FY 2015 to give the two point four, three, five (2.435) to go out for a larger bid.

Mr. Rapozo: And the prior year?

Mr. Hunt: I do not know prior to that if it was earmarked or stated, or whether it was part of the operation plan but we actually made it part of the operation plan as a two (2) year project. Now, we are looking to extending that to a much larger and addressing the overall needs.

Mr. Rapozo: Thank you. Any other questions on Highway Fund? If not, let us move on to the Solid Waste Fund. Any questions on the Solid Waste Fund? Moving on to Sewer Fund. I only had one (1) question on the Sewer Fund, I think I heard you say that they were proposing to do another rate study coming up?

Mr. Hunt: Yes.

Mr. Rapozo: So that means we can anticipate some sewer rate increases, when will that study trigger sewer fee increases?

Mr. Dill: Good morning, for the record Larry Dill, County Engineer. As the Director of Finance indicated that we are looking at our final and a series of annual sewer rate increases coming into effect this July 1, 2014. Also, we have moneys in our proposed operating budget for FY 2015 to do a new rate study. Implementation of any sewer increases when and how much will be totally dependent upon the results of that study. I am not in the position when that may or may not happen.

Mr. Rapozo: But the study, how long typically a study?

Mr. Dill: The study will be complete by the end of the FY I would assume. By the end of FY 2015.

Mr. Rapozo: Okay.

Mr. Dill: But as noted Sewer Fund though close to recovering all of its own costs this year is not quite there yet so I do not think it would be unreasonable to assume that there may be an increase proposed for July 1, 2016.

Mr. Rapozo: Well it is because those people have no choice to pay the fee because they have to flush the toilet.

Mr. Dill: That is correct.

Mr. Rapozo: The golf course if you raise it high enough they can go play the resort course, do you know what I am saying?

Mr. Dill: I understand.

Mr. Rapozo: The sewer, not much option, you have to pay or else. Solid Waste?

Ms. Yukimura: Sewer.

Mr. Rapozo: Yes, Sewer Fund.

Ms. Yukimura: There is a nine point eight percent (9.8%) increase in utilities and I think Steve made reference to water? Is it water or electricity?

Mr. Hunt: Well in addition to the rates there is actually a new plant.

Ms. Yukimura: A new what?

Mr. Hunt: Plant – the Waimea Wastewater Treatment Plant, there is a major expansion so although we did solarize that is not covering the total utility bill plus there is some water increase in the rates to our fees that we get charged by Department of Water. I do not have a breakdown of how much of that is from either source.

Ms. Yukimura: I queried about water because sewer plant uses a lot of potable water?

Mr. Hunt: I do not know.

Ms. Yukimura: I would not think so but they are producing R-1 water. It would seem that it is the addition pumping cost of a new sewage treatment plant because you do have to pump sewer through the process.

Mr. Rapozo: Any more questions on the Sewer Fund? If not, let us move to the Golf Fund.

Ms. Yukimura: Utilities also is a ten point eight percent (10.8%) increase in the Golf Fund, why is that? Slide 21 of Steve's report shows a ten point eight percent (10.8) increase in utilities.

LEONARD A. RAPOZO, JR., Director of Parks and Recreation: Some of the watering...we have been taking some of the effluent water from the Wastewater Treatment Plant that we use for...well they had some problems at the Wastewater Treatment Plant that they needed to discharge a lot of that water that could not go into the ocean. We were taking, I do not know how much gallons specifically, and then for quite a while, and then we had to disperse it from our pond so we had to really over water our greens at one point last year.

Ms. Yukimura: Interesting.

Mr. L. Rapozo: To run those pumps costs a lot of electricity.

Ms. Yukimura: It is this effluent water that...

Mr. L. Rapozo: We were trying to help out the Sewer Wastewater.

Ms. Yukimura: You were kind of the emergency receiver so it would not go into the ocean.

Mr. L. Rapozo: Yes.

Ms. Yukimura: And that is an issue that Ed talked about. Okay, I appreciate that you know why it has increased. I am impressed. Thank you.

Mr. Hooser: But that increase was last year.

Mr. L. Rapozo: Yes.

Mr. Hooser: And this is projected for next year?

Mr. L. Rapozo: No, hopefully we do not run into that. We had to move moneys in order to do that.

Mr. Hooser: But the budget is increasing but the activity happened before?

Mr. L. Rapozo: Yes.

Mr. Hooser: Does it not seem like you have to budget it for next year unless you expect to have to do it again.

Mr. L. Rapozo: We are hoping we do not but we are expecting just in case.

Mr. Hooser: Okay. Thank you.

Mr. Rapozo: Because historically typically repeats itself.

Mr. L. Rapozo: Typically, yes, and we have an activity – the John Burns Golf Tournament which is a humungous success and they were going to call Wailua their home. So, we need the maintenance materials to keep the course.

Mr. Rapozo: When that happens, when you guys take on whatever from wastewater, are funds transferred to your Department?

Mr. L. Rapozo: No. We manage within.

Mr. Rapozo: I understand there was some collateral damage last year with the...was the Golf Course recognized recently because of the quality of the course?

Mr. L. Rapozo: We do ratings every year and the ratings have come back, the USGA guy who comes and rates the course says that the course is in the best shape he has even seen in thirty (30) years.

Mr. Rapozo: Somebody E-mailed me a magazine that the Wailua Golf Course that was in the top...

Mr. L. Rapozo: It was a link from the Golf channel that it was ranked number 3 in the State of Hawai'i. Wailua is the only course that made the top 5.

Mr. Rapozo: I just wanted to bring that up because the course is fabulous.

Mr. L. Rapozo: And I think that is why the John Burns Tournament want to make it a home – its home.

Ms. Yukimura: Kudos to the crews and management of the Golf Course because they have overcome a huge challenge and we are very proud of that but that also means that we should be able to get better fees and better play.

Mr. L. Rapozo: Sure.

Ms. Yukimura: On such a highly reputed golf course.

Mr. L. Rapozo: Sure.

Ms. Yukimura: So I think the Chair's concerns about the fee schedule and everything is really important. Thank you.

Mr. Rapozo: Okay. Anymore questions on the Golf Fund?

Ms. Yukimura: The other fund support is the General Fund again, right?

Mr. L. Rapozo: Yes.

Ms. Yukimura: Okay.

Mr. Rapozo: Thank you, Lenny. This brings us to 10:50 which is the Chair's request that we take a caption break here which is perfect timing.

There being no objections, the Committee recessed at 10:50 a.m.

The Committee reconvened at 11:16 a.m., and proceeded as follows:

Mr. Rapozo: We will continue on the budget discussion here. We are on the proposed revenue enhancements and let us start off...again using the presentation that we have page 26, if anyone has any questions on page 26. I had a question that I already asked, thank you, Steve. Okay, we will move on to page 27 as far as the justification. Again, a lot of the discussion will be dealt with at the Committee level. I anticipate very robust discussions. The vehicle weight tax, page 28. Somebody might want to let the Chair know that we will probably be done very shortly so if he had anything to say in this issue he might want to come here. Again, vehicle weight tax, I think the presentation, Steve, was so thorough that it covered a lot of the questions that we did have. The comparative vehicle weight tax, again, you heard my concern. The solid waste tipping fee.

Ms. Yukimura: Question?

Mr. Rapozo: Okay, go ahead.

Ms. Yukimura: I was struck by your third bullet on page 30, “that despite increasing waste diversion efforts, now estimated at forty-two percent (42%) of the potential waste stream, the annual tonnage continues to increase,” and Tim was explaining to me that it is because the base is growing. Is that really? Should we not be determining tonnage by...percentage by tonnage? I am trying to understand the statement.

Mr. Hunt: I am putting words in Solid Waste mouth but my understanding here is that although the diversion is being very effective that without that diversion the expansion of the tonnage would be much more greater than it is. It is still incrementally growing but that growth rate slowed thanks to diversion. Without that diversion, we might be in a very high cycle right now. Some of that is probably directly tied to the very high visitor counts that we have had, so the resorts are contributed to that through private people that are paying those tipping fees hitting our landfill so as occupancies and hotels go up, so too does our waste stream. Although some of the diversion has helped that probably has an offset by some of the growth in the visitor related industry.

Ms. Yukimura: And if the economy is revving up then the waste generation is going to increase as well especially if construction and building goes up which is why the construction debris demolition bill that is supposed to be coming forth is so critical. But it also means that the sooner we reach our seventy percent (70%) diversion rate, the better because increase tonnage is not good. It also means if it is the visitor industry that...because they have been higher levels that the user fee would be a better way to get the moneys from the visitor industry than the subsidy of the General Fund to the Solid Waste enterprise.

Mr. Hunt: Again, I personally do not know enough about the waste stream and where it is generated, that is just my...

Ms. Yukimura: Well it is fifty-five percent (55%) commercial and forty-five percent (45%) residential is the (inaudible) that they are using.

Mr. Hunt: Correct.

Ms. Yukimura: Okay. Thank you.

Mr. Rapozo: I think that is the signs of growth and construction. I do not know if you can gage the economic turnaround based on the tonnage of the landfill because we are bringing a lot of trash commercially and I think with the new...and I will not call them the big box stores because they are not big box, they are under the limit. Some of them are grandfathered but I think we will anticipate more into the waste stream and that is just something that we got to deal with. I will say that I think as far as the visitor industry, they are probably a huge contributor to the success of the recycling program because they participate in the recycling programs within their properties much more than residents and traditional businesses.

Ms. Yukimura: I was puzzled by a recent statistic from Allison Fraley where she said that the diversion rates for commercial and residential are about the same. I expected diversion rates to be higher for the commercial sector because they have pay-as-you-throw. The more they throw the more they pay whereas right now our fees in the residents is not that way and the pay-as-you-throw evidence when you apply it residential really increases your diversion. I am not sure how it is working and the more

data we get the better but she also said that the large Home Depot and Walmart, they do a lot of back shipping so they do not put it into the...which is good news because they do a lot of volume. If all that wrapping and packaging went into our landfill that would be a lot. It still maybe a lot.

Mr. Rapozo: I think they contribute again to the diversionary numbers. They bring a lot of stuff in but they do send a lot of stuff back.

Ms. Yukimura: On page 31 it is really interesting to see the General Fund subsidy? How does Maui do it with only twenty-one percent (21%) and we are subsidizing fifty percent (50%) of our...see this is commercial tipping fees. What is this General Fund subsidy mean? I was thinking it was a subsidy of...

Chair Furfaro: It means to operate the Division the Division cost "x" amount but whatever category within Solid Waste that if it does not generate any other revenues the net difference is a transfer from the General Fund.

Ms. Yukimura: Who gave you this statistics?

Mr. Hunt: This came from Allison Fraley.

Ms. Yukimura: What is the General Fund subsidizing?

Mr. Hunt: The difference in operational costs that is not being covered by rates and fees charged.

Ms. Yukimura: Of their totaled solid waste?

Chair Furfaro: Yes.

Mr. Hunt: So if they charged more or higher residential fees and they collect more from residential than they are not subsidizing it. If they do not, if they have lower fees or they are operating at lower costs then they need less subsidy.

Ms. Yukimura: But this is compared to commercial tipping fees.

Mr. Hunt: Yes, I am comparing the commercial rates. The subsidy is to the operation as a whole to Solid Waste operations.

Ms. Yukimura: It is.

Mr. Hunt: But the fees are comparing to commercial because the proposal that we are putting is not to increase the refuge fees for residential. We are only looking at the commercial tipping fees but General Fund subsidy as a whole, the Division, this is what they are contributing to make that operation whole.

Ms. Yukimura: And we have higher commercial tipping fees than Maui but their subsidy from the General Fund is less than our subsidy from the General Fund, what is that all about?

Mr. Rapozo: I share your confusion because it does not seem right. With this numbers here, unless they are operational costs...unless they got volunteers.

Ms. Yukimura: No, they might be really stream line and well managed.

Mr. Rapozo: That is what I am saying. I think what we can do, Staff... I think you are right Steve twenty-one percent (21%) of their overall solid waste budget is subsidized with twenty-one percent (21%) versus our fifty percent (50%). Without seeing what their residential costs are, it is just hard to make anything out of this chart.
Mr. Hooser.

Mr. Hooser: Along the same lines and it might be worthy of a call-back of another session where we can drill down on Solid Waste. It is a big part of the budget and there are a lot of questions. I had questions also about the diversion. How is the diversion rate calculated?

Mr. Rapozo: Mr. Chair, I reserved a lot of my questions during CIP because it is operational and we will have operational a time with Solid Waste and I think if we cannot complete the discussions in the operational budget then we can get a call-back subsequent to that. But I agree with you and again if that is not enough, and if you feel that we need an update or briefing, you know Solid Waste has always been that way. It almost takes a whole day. It is hard to get an update of Solid Waste or the landfill in a part of a Committee Meeting because it just takes a long time because of the moving parts. Let us play it by ear and Mr. Chair at some point we probably could, we have done it before with the landfill, you have been gracious enough to allow my Committee to have the day to discuss solid waste.

Chair Furfaro: I am still very much open to that.

Ms. Yukimura: I do want to note that in the CIP solid waste – the Solid Waste CIP presentations, the Solid Waste Division did well this year and it went very smoothly but as Councilmember Rapozo points out it is a pretty big area.

Mr. Rapozo: I was absent Monday, I was off island and Monday was the Solid Waste operational budget day, I am sorry, Mr. Hooser.

Chair Furfaro: But she was talking about the results of the CIP discussion.

Mr. Rapozo: Okay. Chair if I could get a block, a couple of hours for Solid Waste operation.

Chair Furfaro: Let us put a two (2) hour block for Solid Waste call-back.

Mr. Rapozo: And anything over and beyond that we can look at some Committee time.

Chair Furfaro: Yes.

Mr. Rapozo: I share your questions. At that time we will ask Solid Waste to try to expand on the chart.

Chair Furfaro: Steve, we are going to tentatively block 9:00 – 11:00 on the 21st.

Mr. Rapozo: And Steve, you too, but for Solid Waste to be here as well.

Chair Furfaro: There is no one here from Solid Waste.

Mr. Rapozo: You know I let them go, Mr. Chair, Larry asked me and I said that we had gone through the presentation and there were no more questions. But they are available, if you need them back.

Chair Furfaro: So we will do 9:00 – 11:00 on the 21st.

Mr. Rapozo: Sounds good. So, we are still on the comparative commercial tipping fees and if there are no questions we will move on to the Planning Permit Fees which is very self explanatory and then we get to page 33 which is the conclusion. Chair did you want to take back the meeting?

Chair Furfaro: No, no. You continue.

Mr. Rapozo: As we compare ourselves to the other Counties, have we done an analysis of their expenditures? You know continuously how our expenses have grown; I am not sure if you have a similar analysis done with the various Counties.

Mr. Hunt: I do have some information.

Chair Furfaro: I just want to point out that Solid Waste on the Big Island – it is not even comparable. I mean you take your own cans, you drive to the landfill, and you dump yourselves. There is no collection period.

Ms. Yukimura: Can I say something in relation to that?

Mr. Rapozo: Sure.

Ms. Yukimura: I really think we need to think about that category of rural services to the Ag subdivisions and everywhere because to send rubbish trucks out and go for miles and only pick up from a few residences is really inefficient.

Mr. Hunt: In responding Councilmember Rapozo, I did do some matrix looking at the population census to the operating budget and I had to tweak it a little bit for Maui because they also include Department of Water so I had to redact the water portion. Just looking at a total operating budget per resident, City & County charges current two thousand seven hundred and seventy-seven dollars and nineteen cents (\$2,717.19) per resident based on their operational budget. By comparison Kaua'i County FY 2014 was twenty four hundred ninety-nine dollars and ninety-two cents (\$2,499.92). Maui was two thousand six hundred thirty-six dollars and thirty-one cents (\$2,636.31) and

Hawai'i County was the lowest at two thousand eighty-four dollars and twenty-four cents (\$2,084.24) per resident occupant not considering defacto population.

Mr. Rapozo: I am more interested in let us take a look at the last ten (10) years, what was the ratio of revenue to expenditures for each County for the last ten (10) years? That is what I am more interested because I want to see if they have experienced the growth of government and a lot of that again, Mr. Chair, you talked about the Departments that were mandated by Charter. I am just curious how the other Counties are handling the revenues and expenditures. If that is possible.

Mr. Hunt: I have done it for a period of ten (10) years but I did look at a shorter...

Chair Furfaro: Shorter is five (5)?

Mr. Rapozo: Five (5) is good.

Mr. Hunt: I can look at five (5), I actually did four (4).

Mr. Rapozo: I would like to see five (5) if possible, but if you have the numbers for four (4), I would like to see that as well, if you have that available today.

Mr. Hunt: I looked primarily at growth and employee count and ratios of employees per capita as well to see relative to the growth in population base versus growth and the County employee base to see whether they were tracking similarly or not.

Mr. Rapozo: That would be good too.

Ms. Yukimura: Yes, that would be.

Chair Furfaro: Can we do five (5) years?

Mr. Hunt: I will try to amend this to five (5).

Mr. Rapozo: Perfect. Go ahead.

Ms. Yukimura: Those figures were not Solid Waste figures, what were they? The two thousand (2,000) per resident?

Mr. Hunt: Overall cost of government so we took our operating budget divided by a population base that would be the cost per man, woman, and child resident.

Ms. Yukimura: Okay.

Chair Furfaro: Resident?

Mr. Hunt: Resident.

Ms. Yukimura: I would like to see cost per household and I know that the utilities, I think water and electricity is about thirty thousand (30,000) households plus or minus, so I always use thirty thousand (30,000) because children are different. Anyway let us see what you get and then we can...

Chair Furfaro: Let us base it on resident count and try for five (5) years and then we will look at it if we want to take it further.

Mr. Rapozo: Thank you. Anymore questions?

Mr. Hooser: I have a question regarding the property tax discussion, can I do that?

Mr. Rapozo: Sure.

Mr. Hooser: This is the time to have that discussion, I think, the revenue that came from the untaxed chemical company leases that the Department of Taxation updated those, sent two (2) years tax bills, and those were paid. So, those are in the budget that income? From my understanding, right, because that was done several months ago?

Mr. Hunt: Yes, we did an amended ordinance to include the revenue to help the fund the Joint Fact Finding Study, correct. So, we amended the revenue side by adding that revenue and we amended the expense side by adding the Joint Fact Finding which was the balance.

Mr. Hooser: Some of those leases were six (6) years old but we are only allowed to go back two (2) years to capture the taxes that went up?

Mr. Hunt: It is a total of three (3) actually, it is the current FY plus two (2) years past.

Mr. Hooser: Why can we not go back five (5) or six (6) years?

Mr. Hunt: It is by ordinance. In fact we amended it. It was six (6) years – current plus five (5) back but our refunds were only current plus two (2) back and there was a mismatch so in other words if we had an error on our part that was in the taxpayers benefit, we would only go back two (2) years plus the current year three (3) years but if it was in our favor, we would go back six (6) years. We just felt that it was an inequity and we wanted to have the same level playing field. The swing in either direction especially if it is not a company, it is a homeowner and had an omitted property even though they should know that it is not included in the role and should prepare to pay for that having six (6) years roll up in one (1) year can be financially very challenging for a homeowner. We thought that the three (3) year window was probably more appropriate for them.

Mr. Hooser: So even though we loss years of revenue, we cannot go back and get that?

Mr. Hunt: No.

Mr. Hooser: Not according to ordinance that is on the books right now.

Mr. Hunt: Not according to the ordinance.

Mr. Hooser: We had this discussion earlier the commercial uses State land, they have to pay property taxes, so it applies to Department of Transportation, Harbors, every State agency.

Mr. Hunt: Right.

Mr. Hooser: We talked about how do we make sure that we are getting our fair share and we are working on that...I am working on that a little bit trying to find out what those are and I know Councilmember Chock is working on that. If we are fighting additional leases and my question is, is it too late for those to apply to this project? If in fact it comes to light that there is additional leases out there that should be paying property taxes but they are not, can those impact this budget that we are working on right now?

Mr. Hunt: We could make an amendment to the role based on what information we would find in terms of estimating back taxes and amend the role, yes.

Mr. Hooser: Say you found another a hundred thousand dollars (\$100,000) in taxes that you do not know about or the County does not know about, we could amend the budget?

Mr. Hunt: Yes. And it could be a mid-year adjustment, if we find it during the year, typically that is the way it works. We do not do a budget adjustment per say, it just rolls over and becomes part of our lapse fund balance at the end of the year which helps provide fund balance. We have an omitted building section of 5A that deals with that when you do find that property in the current FY, you make that adjustment plus two (2) years back if we can verify that the building or lease had existed during that period of that three (3) years.

Mr. Hooser: And there is no penalty for these entities not paying their taxes?

Mr. Hunt: There is a penalty and interest clause and I would have to verify, I think it is after the notice. They get notice to pay and if they make prompt payment of all back taxes owed, I am not sure if penalty interest kicks in. I know that after the fact once they hit beyond, I think it is thirty (30) days, then penalties and interest start accruing.

Mr. Hooser: So if the County was not on top of it and there is no penalty until the County notifies them that taxes are due?

Mr. Hunt: Correct. That is my understanding but I would have to verify.

Mr. Hooser: Thank you.

Mr. Rapozo: Might be worth revisiting that ordinance after the budget.

Chair Furfaro: Steve, I want to make sure, if we find revenue whether it is related to turning over an issue that perhaps we missed or so forth, why would we have to adjust the budget?

Mr. Hunt: We would not necessarily have to amend the budget, we normally do not, I was answering Councilmember Hooser's question that if he could identify that in advance could we amend the budget, so between now and May 8 we find property that he wants to bring to our attention and we can calculate taxes. We could make an amendment to estimated taxes – it is a budget item.

Chair Furfaro: You have answered my question. Found money is found money.

Mr. Hunt: Correct.

Chair Furfaro: No matter what time of year you find it.

Mr. Hunt: Either budgeted or lapsed.

Ms. Yukimura: How do you assess agricultural land?

Mr. Hunt: We might want a couple hour call-back for that question. There are various ways. There are some ordinances that deal with lease State lands in specific. If it is lease for an Ag use, then they get de facto Ag dedicated values and that is for State lands. Lands that are for specific agricultural crops or lands that are being used for pasture have different rates associated with and they also have different dedication periods; there is a ten (10) year dedication and a twenty (20) year dedication. Soil type is part of that calculation when you are dealing with crop, the type of crop and the quality of the soil that is available. The properties that are not dedicated are assessed at market but it is market of Ag, so if the Ag land itself is a CPR with density has a different value from a CPR without density because your highest and best use would be only for an Ag use, very complicated process. I could go into it a little further but this is not probably the venue for that.

Ms. Yukimura: What about the value of the lease?

Mr. Hunt: Value of the lease is not necessarily considered.

Ms. Yukimura: Why?

Mr. Hunt: Much like leasehold properties. We assessed leasehold properties as a fee.

Ms. Yukimura: Even though it is a long-term lease?

Mr. Hunt: Correct. You can have leases that are under market value, the value can change in the course of the lease, we do not look at the

contractual obligations we look at the unencumbered fee simple value of the property which changes year to year. Much like in a case of a project like Kiahuna Plantation, they have leasehold interest so the leases, they pay ground rent to the Lessor and the Lessee continually come to me and say but I did not pay what you are assessing at but I am saying, yes, but you did not purpose the land. You have an obligation to pay on the land and if your contract, the master lease says that you as Lessee have to pay their property tax, that is a contractual relationship. We are not going to assess the Lessor separately than the Lessee. We just say that this is the fee simple value of the property. We do not look at leases and how they encumber the property. We look at the fee simple market value of those properties.

Ms. Yukimura: Okay. Thank you.

Mr. Hooser: It is an important discussion to have and part of the underlining question in terms of how aggressive is the County looking for unpaid taxes from the, specifically the State lands that are being used for commercial purposes. Just to show you how significant it can be these four (4) leases by three (3) companies resulted in two hundred seventy-five thousand dollars (\$275,000) in taxes owed but we only collected a hundred and thirty-one thousand (\$131,000).

Mr. Hunt: Because we could only go back the three (3) years.

Mr. Hooser: No, because we did not know that they owed the taxes and we did not go back, yes.

Mr. Hunt: Okay.

Mr. Hooser: And so if we had County employees from the tax office reaching out to all the various State agencies, it seems like there is money on the table...

Mr. Hunt: In HRS it is an obligation for the State and State agencies to record all those leases and they do not. We tried to force them but again forcing the State to do things often is very challenging and the information that comes to the Real Property Tax Office given the limitations we have with staffing there we use anything that comes from the Bureau of Conveyances which is our information. So, if the State is not recording that, we are not getting that information, and we do not have the resources to go out and pound the bush at DOT, Harbors, and ADC to see if they have leases nor can we compare maybe they provided some of it but not all of it. We do not have just the resources to do that.

Mr. Hooser: But this income was loss and then there is a hundred and forty-three thousand dollars (\$143,000) was loss because...

Mr. Hunt: Because we can only go back three (3).

Mr. Hooser: And because we did not do the due diligence earlier to find out about it and we gained a hundred and thirty-one thousand dollars (\$131,000) because an individual Councilmember wrote one (1) letter asking for information. So it took that individual Councilmember an hour and then we got that

information to the tax office and the County got a hundred and thirty-one thousand dollars (\$131,000) out of it. I think the amount of staff time needed to do some annual due diligence and outreach would be relatively minimal for a potentially great return. Would be my thought but anyway.

Mr. Rapozo: I think much credit to that individual Councilmember because he or she, I am assuming it is a “he,” – you.

Mr. Hooser: That was me.

Mr. Rapozo: Had information that in fact this potentially existed. I do not know where you start looking for these properties but I think and I do not know if we had the ability to enact legislation that would require all leases with the State.

Mr. Hunt: It is there.

Mr. Rapozo: No.

Mr. Hunt: HRS is there.

Mr. Rapozo: But that is HRS but have the County enact legislation that would require the leaseholder is record the lease with the County or to notify the Tax Department of their lease. I am not sure that we have the legal...I bet we do. That way we bypass the State and I am not sure if we can sue the State for what we loss because they did not file their or record their leases with the Bureau. I am not sure if we have avenues there but let us just take the State out of the picture now and can the County enact legislation? I am just talking out loud, you are talking about the three (3) and six (6) year – could we do three (3) years for residential properties and six (6) for commercial? In that same bill, could we require commercial leases to be recorded or filed with the Taxation Department? I think that is within our authority and I would definitely pursue that road if we can because I think you bring up a good point. One (1) letter and a hundred and plus thousand dollars. Imagine if you did ten (10) letters.

Mr. Hunt: And there are technologies out there that we are continuing to explore that involve use of pictometry and change finder as well as there is a company that puts on GIS conference every year that is actually able to identify changes. So, it is more not necessarily to leases but the structures getting caught up on omitted buildings where they have done additions. When you compare a fly over two (2) years ago to a fly over today, we can see if someone has added on. So, those kinds of things using technology without adding staff that is still expensive, it is an investment, but it will pay for itself.

Mr. Rapozo: The return will be there. I think Gary only talked about leases but we are not even talking about omitted properties.

Chair Furfaro: I was going to say let us just send the State a bill and see what happens.

Mr. Rapozo: That is some serious money – three (3) years.

Mr. Hooser: And this is just a snapshot of a few properties and it is about getting the income that is due to the County but it is also about equity. There are other people competing with these companies who are paying property taxes on their property and so it is a matter of fairness and equity. I think we can work together and maybe...

Mr. Rapozo: I think that is definitely something we can look at. I think the return on investment will be great.

Mr. Chock: Again, small group of list that I have been looking at too, so I think the first step is to really get a handle of what is out there to see if we should be taking the next steps as it looks like we should be.

Mr. Rapozo: For me, personally, it is not creating new revenue...it is getting revenue that is owed to us versus...I guess I am embarrassed to say I did not even know because I thought I read some headlines or some memos but I did not pay much attention to the amount of the taxes but that in itself is one fee that we may not have to increase for the residents. I was late on my property tax and I got dinged – you are all computerized now so there is no more, Steve, can you take care of my...no, you got wacked and I did. My tax was a little late and I had to pay a penalty so these guys that are two (2) or three (3) years late should face the same faith in my opinion.

Chair Furfaro: I know if I am late with my hotel tax bill, I pay a big fee.

Mr. Rapozo: Well, that is good. I like that. I think that is one way of taking the pressure off of the taxpayer and putting it on the people who owe us money. That is really what it comes down to. Anymore questions? The Chair passed out the tentative schedule and I think we can get through all of this before lunch but let me just...if you have not received this business, licenses, and permits, non-business, licenses and permits. Fines, forfeits, and penalties. And charges for current services. General discussion on that, Steve, or are you just open for questions? One of the things that I wanted to bring up again this year and I know it is probably not the politically correct thing to do but I saw the Fire Department here earlier and it made me think about the rescues that we consistently...and it is more and more now people request service. Now, I fully support the helicopter and support what that Fire Department is doing with that helicopter, I mean ask anyone that got rescued, that is the best sight in the world to see that helicopter coming in but HRS authorizes us to collect on that. I think we are at the point now that we need to start charging for our rescues and whether it is a portion of the cost. Is that something we can look at?

Chair Furfaro: May I add something to that? I have had correspondence from folks across the street because I thought at least we would be charging for the fuel and someone was looking into that and then it was deferred again and so forth. I was serious when I sent it over. We should know what it cost us every hour that we have to operate a helicopter from point "a" to the rescue and back. It is fuel cost. I think we can do some work there and look at what those costs are and get reimbursed.

Mr. Rapozo: I think it is time for us to look at that again in addition to putting our fire fighters in danger and...

Mr. Chock: Further on that thought because firsthand experience with this, my understanding is that if they do run, the patient is required to go and getting treated. I seen in my experienced who just have a hard time walking out from Napali Coast and so I think there is some negligence there and abuse of the situation especially now that we have the ability to respond on our own and we are not accruing the costs externally. If we could tighten up on that I think it would be a really good idea. The cost is so high. We need to get that under control.

Mr. Rapozo: We talked about this in the past budgets where our local residents pay property tax, they fund the Fire Department, so a local resident would not be charge. I know it sounds horrible because we rely on the tourism industry but...I mean we got to start recouping some of those funds. I do not know how you non-discriminatorily dictates who pays what but I mean we got to start looking at that. Maybe we got to look at other jurisdictions on how they do it but we definitely got to start looking at that. If you get into a car accident here, the ambulance is going to take you to the hospital and you are going to get an ambulance bill. Whether you have medical or not, you are going to get an ambulance bill. I see this as no different at all. Whether you decide to pay or not, that is not our *kuleana*. Our *kuleana* is we sent a lifesaving aircraft to get you and we bought you out probably saved your life and there is a cost associated with that and this is the cost. I do not know much about insurance but I just think that we need to start looking at that as we start to look at revenue streams, again, that is a user fee. Anyway, Mr. Hooser.

Mr. Hooser: And this is not the time for the conversation, let me know but what about...do we have County facilities that are empty that we could get revenue from? Things of rental or vacant space? I look across the street and I think, that has been empty a long time and we talked about the food hub. Are there other opportunities for revenue like that that we are not utilizing? If you are not prepare to answer that now, you can answer it later.

Mr. Hunt: As far as I know the Big Save space is the only one that really even have shown interest. We had some calls about leasing that but because of the short-term nature of that lease, it would be very difficult for someone to commit to do capital improvements, tenant improvements, and get into the space that in fact is going to be part of the space planning for the County facilities on a longer term basis. So, until the space plan is complete and we know what portions of that building will be used, it is difficult to get someone to commit to do anything with that. In terms of under utilization of other facilities, I know we do charge for some of our rentals of our neighborhood centers and the Convention Centers.

Mr. Hooser: And the space plan, when is that anticipated to be done?

Mr. Hunt: I would have to defer to Engineering on that.

Mr. Hooser: Because the space has been empty for how many years?

Mr. Hunt: I little over two (2) now.

Mr. Hooser: Okay. Thank you.

Chair Furfaro: I would like to add to this. We have a space planning on the schedule for next Tuesday. To answer Mr. Hooser's questions, two (2) years ago, I wrote to the Administration the loss revenue at Big Save is two hundred and thirty-four thousand dollars (\$234,000) a year. So we all know about it. I would really suggest that we get hot with the Space Planner because this is flat out lost revenue sitting there vacant and the only reason we are not moving is that we do not have a plan. I am glad to dig out the correspondence between myself and you folks.

Ms. Yukimura: I think Steve's caution about renting out long-term is a good one. Part of the reason the space is not filled is because it was meant to be for future expansion. I think there is kind of a presumption that there will be some space that is not permanently filled. We can think of some commercial interim – Star Bucks something like that would be a logical short-term use because in the next five (5), ten (10) years we will need that space for County office space. I think it has been proven that the purchase of that shopping center was a good idea. That is just a caution but there is another space – commercial space that I think is being underutilized and that is at the Waimea Tech Center, right now. It was fully rented at the peak of PMRF's contractor relationship but right now there is some vacant space and I am not sure how long term it is.

Mr. Hunt: Is it KEDB or KEO – who runs that? It is not the County though.

Ms. Yukimura: But the County owns it.

Mr. Hunt: We lease it to KEDB and then they essentially have a sandwich lease and then they lease it out to other spaces but we do not participate, I do not believe in the rents from that.

Ms. Yukimura: And I do not know if there is a market rent for space out there in Waimea but it is a space that we own. We own that building.

Mr. Rapozo: Mr. Chair.

Chair Furfaro: First of all I think that is how it works. They are sandwiched between there. I shared this with you folks the other day. One thing you learn in being in hotel business, you handle the most perishable product, not in the steak that goes back in the refrigerator if it is not sold at night, because you can sell it the next night but let me tell you when a room night is unoccupied, it is perished. That is my point about across the street. Even if we were getting somebody if we are taking it short-term for storage and paying us for something. Every month that we go by without a tenant there, it is gone, that is revenue potential that is not recoverable. Now, to answer JoAnn's question was that a great purchase? That was an absolute great purchase. Do we need to get hot on the space planning because it has been several years since Big Save is gone and I would like to know what we are going to use it for. Here is another thing. If we are not using it for something real quick, well let us look at people that we do sub-pay for space. For example, if the Historical Society moved over there for what is in their contract but we brought Ernie back to this building, we save thirty-four thousand dollars (\$34,000) a year. It is highly perishable space every month goes by that we do not get a rent check – it is gone. I would really ask that we put some acceleration and getting a plan together and finding out what

space we are not going to use, let us look for some other tenants because it is lost money. It is highly perishable. To clarify for everybody, the old Police Station is not ours.

Mr. Hunt: Correct.

Chair Furfaro: Just so everybody know. I had people ask me, we got that space, but we do not have that space. That is not ours.

Mr. Rapozo: Likewise the old Courthouse, it is not ours. Two (2) I think fabulous... I mean the Police Station obviously need some work but this Courthouse, they spent a lot of money and it is sitting there. What a shame. Maybe we can get that executive order to us and we can go rent it out and raise some revenue.

Ms. Yukimura: About additional revenue, the Adolescent Drug Treatment Center encumbered funds are bond moneys which cannot be used for an Adolescent Drug Treatment Center, right?

Mr. Hunt: Yes. My understanding is that there is no more bond moneys. In fact, the five hundred thousand dollars (\$500,000) was actually part of the State grant and aid and that has since been returned with...

Ms. Yukimura: No, that is for the...the information I got was about State moneys for the Hanapēpē cite but there is actually encumbered moneys from Mark Ventura, Architect and Engineer, and I believe those are bond moneys.

Ms. Wooton: Councilmember Yukimura the funds that are currently encumbered for the Adolescent Drug Treatment Facility are general funds CIP for the three contracts that you just referenced. So, there were at one (1) time in the bond fund but because of our concerns surrounding having bond funds money used to build a facility that would have a private contractor run them, we moved them into the General Fund, I believe two (2) years ago.

Mr. Rapozo: It was two (2) years ago.

Ms. Wooton: During the budget process and then we did have a grant and aid as Mr. Hunt had reference that was for the Hanapēpē site and at that time we had received five hundred thousand dollars (\$500,000) as a grant and aid from the State. We were trying to get the State to allow us to use that five hundred thousand dollars (\$500,000) for the current location site that we have identified. They said that we had an encumbrance at the State for five hundred thousand dollars (\$500,000), they said that because we would have to liquidate the encumbrance and reencumber the funds it caused it to lapse. So we could not use the additional five hundred thousand dollars (\$500,000) so we just have the five hundred thousand dollars (\$500,000) in the General Fund CIP currently with the three (3) contracts encumbered.

Ms. Yukimura: Okay, thank you.

Ms. Wooton: So, it is not bond funds.

Ms. Yukimura: So the General fund money was passed by Council?

Ms. Wooton: Correct, during the budget process.

Mr. Rapozo: It was moved, yes.

Ms. Yukimura: Okay. Thank you for correcting me. I thought it was still bond money.

Mr. Rapozo: Anymore questions? I think as you start looking and putting it down on paper, I think it probably gets quite substantial. One of the things the business, licenses, and permits – I am just looking at this sheet here, and I am not sure if we did a reassessment of the licenses and the fees, the County license the little yellow sheets that you give to the businesses that come in a register. I am not sure if we...did we raise that? I do not think we raised that. I know this from personal experience – ten dollars (\$10) for the year. You might as well just give it away for free or not have it because it costs more to have the employee...so again, Steve, if we can take a look at that. It is interesting because and I will just use my example, the Pawn Shop. I needed two (2) licenses from the County, I needed a secondhand dealer and a Pawn Shop license. The secondhand dealer license was ten dollars (\$10) and the Pawn Shop was a hundred dollars (\$100). This goes back long way so I do not know how...but it makes no sense because it is the same staff time, it is the same thing. Something like that – a standard fee for County license and not something so absorbent that it will detour them from registering their business but something that...like I was told by the Attorney's Office regarding Planning. You can only charge what it takes to process you cannot overcharge. I would guess just staff time to process one (1) application – I know it is more than ten bucks (\$10) so if we can kind of look at that. Again, this is all small stuff but the small stuffs add up. If we can collectively get a few hundred thousand dollars (\$100,000) in small stuff, it saves a few hundred thousand from our taxpayers. Anything else? Mr. Chair, as your schedule requests, any final comments by Councilmembers? Mr. Chair, I will turn it back over to you.

Mr. Rapozo returned the Chairmanship to Chair Furfaro.

Chair Furfaro: Steve, my comments went out yesterday regarding the Golf Course and if somebody can look into that. I want to make sure we understand that it is a hundred thousand dollars (\$100,000) additional revenue but I am also asking to spend forty-five thousand dollars (\$45,000) of it to actually earmark some marketing for the Golf Course because now that the restaurant is open, now that you can pay with cash, now that we got concession there, we got to get more rack rated business in there and the only way we are going to do it is to at least have a website to promotes it or some Golf packages with east coast hotels. We got to get more revenue in the place. I have been working with George and Ian on it and these are very moderate proposed increases. It is twenty-six dollars (\$26) a round on any municipal course in Honolulu and I am talking about a moderate increase of two dollars (\$2) on some rates and twenty-five dollars (\$25) for visitors that buy the five (5) round ticket but I think the course is coming around. Everybody has done a nice job in getting it prepared, everybody worked hard to get concessionaire for services, the amenities are there and I want to get revenue. I guess we will discussion that when we come to Parks.

There being no objections, the Committee recessed at 12:10 p.m.